

MINUTES OF THE 428th MEETING OF BRITISH TOURIST AUTHORITY

HELD AT 9.00AM ON TUESDAY 18th OCTOBER 2016 AT

VISITBRITAIN, 20 GREAT SMITH STREET, LONDON SW1P 3BT

Present: Christopher Rodrigues, CBE
Katy Best
Angela Bray
Lise-Anne Boissiere
Penelope, Viscountess Cobham, CBE
John Lindquist
Margaret Llewellyn OBE
Lord Thurso
Steve Ridgway, CBE
Ian McCaig
Kevin Murphy, OBE

Apologies: Hazel Cunningham

In Attendance: Sally Balcombe, Chief Executive
Suneet Joseph, Secretary to the Board
Andrew Stokes, England Director (for England Matters only)
Denis Wormwell, VisitEngland Advisory Board Member (for England Matters only)
Sharon Orrell and Richard Nicholls (Political Affairs/Tourism Trends)
Robin Johnson (Brand Positioning Update)

ENGLAND MATTERS

Discover England Fund Update

1. Andrew Stokes provided the Board with an overview of the status of Yr 1 projects and activities, specifically including the "Welcome Project", as described in the latest version of the Discover England Fund Paper. The Board noted the ongoing importance of continuing to carefully manage and mitigate risks around State Aid compliance as much as possible, including maintaining close collaboration with DCMS.

2. It was noted that in addition to the Yrs 2& 3 DEF bids assessment work, there was the ongoing platform development activity, to solve "last mile"/ ticketing issues. The Board noted that external consultants with expertise in product development, aggregation and distribution had been engaged and that initial project scoping discussions were underway. It was noted that whilst the platform development work had an "England product focus", the platform had a much wider application and would be a core solution for the VisitBritain Digital Strategy as well as a potential solution for BTA's strategic partners. An update would be provided at the next Board meeting in December and regular progress reports/updates would follow at future board meetings.
3. The Board noted that DEF research programme was underway with a number of separate pieces of research being commissioned including to develop an innovation framework for Yrs 2 & 3 to help bidders with the process of bidding.

Quality Schemes – Updated Presentation

4. Sally Balcombe introduced the presentation and noted that the prior feedback from BTA Board and from VE AB on commercial tactics and negotiating strategy with interested bidders had been taken into account and that the negotiation process would reflect these tactics to maximize the greatest possible value for BTA. From a procurement perspective, it was noted that the new Concession Contracts Regulations afforded BTA greater flexibility and opportunity to seek proposals from bidders on key issues and negotiate deal terms rather than using any of the pre-existing procurement processes. The BTA Procurement team had also met with and received helpful feedback from Kew Gardens on its use of the new Concession Contracts Regulations for a recent procurement.
5. The Board noted that DCMS had provided some useful guidance and directions as regards any sale or re-licence concerning the tourism quality schemes. The Board further noted the importance of ensuring that the tourism quality schemes were independently valued to ensure that applicable procurement and State Aid rules were fully complied with. The Board thanked Nigel Halkes and Denis Wormwell for their ongoing support and guidance on this matter.
6. The BTA Board discussed key considerations in managing the process, including timely engagement with industry stakeholders and provision of updates to VisitWales and VisitScotland at appropriate intervals in the process to ensure transparency. The Board discussed the need to tackle legacy issues, especially removal of out of date signage (displaying VE logo and branding elements) on properties as part of any sale and/or re-tendering for the licence to operate the quality schemes. The Board discussed the immediate and medium term needs of particular segments within the industry and the directives of DCMS for any future running of the schemes. The Board further noted that notwithstanding the tight timetable for completion of transaction activities (whether on a sale or licence basis) any deal relating to the schemes would need to comply with all applicable rules and regulations relating to public procurement and/or disposal of public asset.
7. The Board also highlighted the need for the BTA deal team negotiating any transaction to be fully transparent with interested parties that the commercial proposition being offered related

to all and not just some of the quality schemes. The Board also recommended that the BTA deal team continue to prepare a fallback option(s) in parallel (including closure of the quality schemes) in the event that a suitable purchaser or licensee could not be found and/or that commercial deal terms which are acceptable to BTA could not be agreed. It was further noted that in any commercial negotiations with interested parties, deal terms agreed would need to be made "subject to BTA Board approval".

8. Denis Wormwell left the meeting.

BTA and VE AB Governance Review

9. The Chairman advised the Board that with the support of DCMS, a comprehensive board governance review would be initiated for both BTA and VE AB to further clarify what each board is responsible for and to also improve internal governance between each Board. The review would include the Audit Committee and Remuneration Committee as sub-committees of BTA Board.

BRITAIN AND BTA CORPORATE MATTERS

Minutes of the Last Meeting

10. The Minutes of the BTA Board meeting held on 13th September 2016 were approved.

Matters Arising from the Minutes

11. There were no matters arising.

Declarations of Interest

12. Lady Cobham declared an interest regarding her position as a Trustee for Shakespeare Birthplace Trust.
13. It was noted that Margaret Llewellyn and Ian McCaig were both involved in the recruitment process for the new Chairs of the BTA Board and VE AB.

MARKET UPDATE

State of the Market Snapshot

14. Sally Balcombe tabled the State of the Market Snapshot –October 2016 Paper and provided the Board with an overview of recent Competitor activity, IPS Update, Connectivity news, Economic overview and domestic tourism. The Board noted in particular the need for a

stimulus and greater cooperation between trade and tourism bodies to stop further route closures. With the ongoing (and further forecasted) fall in the value of the £GPB, it was noted that more activity had to be commenced to reinforce the message that “a weaker £GBP offered an ideal opportunity to visit Britain”.

CEO Overview & Update

15. Sally Balcombe provided the Board with an overview of key comments and/or priorities noting in particular:
 - A verbal offer had been made re the Marketing Director role
 - It was hoped that offers would be shortly made for the Director positions for China and USA
 - Activities relating to the Quality Schemes was ongoing in readiness for the expiry of the current G4S licence on 31st March 2017.
 - Ongoing impact of currency fluctuations post Brexit and the effect on core activity and potential dilution of ROI on marketing spend
 - Ongoing discussions with DCMS re need for additional funding and ongoing cost pressures on BTA
 - ongoing funding risk for BTA's marketing activities in the event that GREAT funding is reduced due to cost pressures
 - The importance of continuing to brief Ministers on the importance of BTA's activities for the growth of the economy, the value being delivered by BTA and the need to have GREAT funding secured to enable BTA to deliver on its targets.

Chairman's Update

16. The Chairman noted the success of the Board trip to Belfast and thanked Katy Best for her hospitality shown to the Board attendees. The Chairman noted the benefits of scheduling appropriate regional meetings and/or visits for Board members to enable them to see first hand activities in a given region and/or issues which need addressing within the tourism sector.
17. The Chairman noted that this was Lise-Anne Boissiere's last BTA board meeting in her capacity as DCMS representative and thanked her for hard work and support.
18. Sharon Orrell and Richard Nicholls joined the meeting.

Political / Tourism Affairs

19. The Board was given a verbal update on Inbound and England Domestic Tourism Trends including latest IPS survey results and market conditions. The Board duly noted the contents of the Paper.
20. Sharon Orrell and Richard Nicholls left the meeting and Robin Johnson joined the meeting.

Brand Positioning Update

21. Robin Johnson updated the Board on progress to date on the Brand review activities with the external agency and noted the importance of agreeing a clear narrative for Britain activities. It was agreed that a progress update would be provided to the Board at the December meeting. It was further noted that the new Marketing Director would need to input into the analysis and that once the brand positioning work had been fully completed, a presentation would be provided to the Board.
22. Robin Johnson left the meeting.

PAPERS FOR DECISION

Approval of Updated Corporate Policies

23. Noting the recommendations of the Audit Committee, the Board approved the updated versions of the Conflict of Interest, Anti-Bribery, Fraud, Gifts & Hospitality and Risk Management Policies.
24. John Lindquist updated the Board on the recent procurement of internal audit services and requested Board approval of the appointment of Mazars as the providers of internal audit services following the expiry of the contract with PwC. The Board gave its approval of the appointment.
25. John Lindquist noted that some initial account management meetings had already taken place to ensure Mazars had a clear understanding of the Audit Committee's expectations and requirements.

PAPERS FOR DISCUSSION

Pensions Update

26. Sally Balcombe provided the Board with an overview of the positions agreed and/or issues for further consideration during the Board conference call in September on pensions matters. The Board ratified the key decisions agreed during the September conference call including the decision to close the current Defined Benefits Scheme as of 31st March 2017 and, subject to completing all legal requirements on consultation, move to a Defined Contributions Scheme as of 1st April 2017.
27. The Board further noted that the process to implement the necessary changes to the current Scheme was still ongoing and subject to consultation with PCS and all staff. The need for appropriate transitional arrangements to be made for protected groups (ie staff who would be most impacted by the changes to the current Scheme) was further discussed.

Update to Corporate Risk Register as at end of Q1/16

28. The Board discussed the update to the Corporate Risk Register as at end of Q1/16 with particular focus on those risks identified as "Red" in the RAG ratings. It was noted that these "Red" risks in particular had to be carefully monitored and managed in the coming months. The Board approved the updated version of the Risk Register.

VERBAL UPDATES

29. The Board duly noted the DEF verbal update given which included an update on Yrs1 and 2 & 3 of DEF and the ongoing technical platform development work.

PAPERS FOR INFORMATION

30. The Board duly noted the Papers for Information. In relation to the Management Accounts (to end June 2016), it was noted that DCMS had given approval for BTA to exercise its discretion to release some of the 5% contingency currently retained.

DEEP DIVE SESSION

31. Sally Balcombe gave the Board a high level overview of the current draft BTA Strategy for 2017/18 and confirmed that the Business Planning cycle for 2017/18 was underway. Individual Channel Strategies were also being developed with the caveat that the current political landscape did bring uncertainties to the planning cycle for 2017/18. There followed a discussion about which activities, partners and specific markets BTA should be focusing on for 2017/18 and the importance of striking the right balance between tactical and strategic activities.
32. The Board acknowledged the ongoing cost pressures on the organization going into 2017/18 and discussed the level of funding at a Britain and England level in the context of current funding levels for Scotland, Wales and Northern Ireland and also BTA's competitors. The Board noted that given acute cost pressures, there was a need to downgrade or cease altogether certain activities going forward and prioritise agreed key activities such as Digital investment, Partnerships and BV&E activities. The Board further noted that GREAT funds could only be spent in the 9 markets currently designated as GREAT markets and BTA had no discretion in this regard.
33. The Board further noted that given the ever increasing cost pressures facing the organization, consideration had to be given to escalating this issue within DCMS and at a Ministerial level so these cost pressures were fully understood and the risks facing

BTA in terms of its ability to deliver all its planned activities for 2017/18 and meet its stretching targets set by DCMS.

34. It was further agreed that an updated version of the BTA 2017/18 Strategy Paper would be circulated to the Board for review and/or comment.

Any Other Business

Date of Next Meeting

31. To be held on Tuesday, 6th December 2016 (10am-2pm)